

MASSACHUSETTS DEFERRED COMPENSATION PLAN
OFFICE OF THE STATE TREASURER & RECEIVER GENERAL
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Lifecycle Investment Management Services
September 2006

Q&A

- Q: The firm has a lifecycle fund platform which uses our funds as the underlying investments. Would such a product be considered or is it a requirement to use funds that are already on your platform?
- A: Using funds that are on the Deferred Compensation Plan's platform is required.
- Q: We will be launching target-date lifecycle funds sometime in 4Q06 or 1Q07. These funds will be made up of our existing commingled funds that have long-term track records. However, because these lifecycle funds are not constructed yet, if we submit a response to the RFP, we would need to include hypothetical returns based on these underlying funds. Would this performance record be considered?
- A: Hypothetical returns will not be considered.
- Q: We understand that you might have some Northern Ireland restrictions that might not allow you to invest in our commingled funds. Because our target-date lifecycle funds are comprised of several of our commingled funds, can you confirm this would be an issue/non-issue?
- A: All bidders must complete the Northern Ireland Notice and Certification form to satisfy M.G.L. c.7 section 22C, which states that no state agency may procure commodities or services from any bidder employing ten (10) or more employees in an office or other facility located in Northern Ireland unless the bidder certifies through the notice and certification form that if it employs ten or more employees in Northern Ireland, a) the bidder does not discriminate in employment, compensation or the terms, conditions and privileges of employment on account of religious or political belief, b) the bidder promotes religious tolerance within the workplace and the eradication of any manifestations of religious and other illegal discrimination and, c) the bidder is not engaged in the manufacture, distribution or sale of firearms, munitions, including rubber or plastic bullets, tear gas, armored vehicles or military aircraft for use or deployment in any activity in Northern Ireland. Each bidder must complete and return this form with its response, even if not applicable, in order to be considered responsive.

Q: Our firm is well established Asset Manager with over \$898.2bn in AUM as of 6/30/06 and relationships with 194 defined contribution clients. The firm currently manages target date and risk-based lifecycle products. Our track record in risk-based lifecycle portfolios is over 5 years, while our target date strategies reached their one-year performance history as of 7/31/2006. Are these qualifications sufficient to meet the minimum criteria of the RFR?

A: The candidate must have a one-year performance history as of 6/30/06.

Q: The firm will be proposing a customized Life Cycle solution which would utilize a combination of our funds and a number of the existing Massachusetts Deferred Compensation Plan funds. This customized life cycle vehicle would include a passive Mid Cap Equity Fund (benchmarked to the S&P400 Index), which is not in the Plan's current asset allocation. Does the Plan have any investment guidelines which disallow investment in Mid Cap Equity Funds? If not, would the Plan have any objections to investing in a Mid Cap Equity Fund?

A: The Plan will consider proposals that use other investment strategies, not available in the Plan, to supplement the current underlying investment options. The Plan does not have any restrictions against Mid Cap Equity Funds.